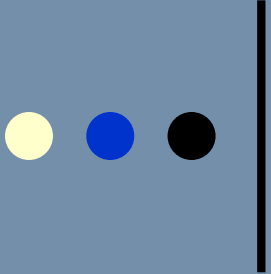


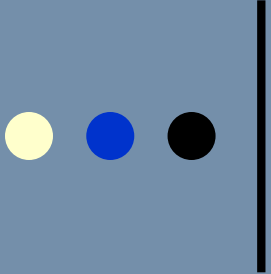
International Human Resource Management

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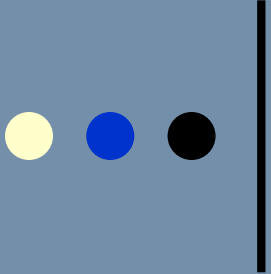
Learning Objectives

- Define international human resource management (IHRM)
- Understand how corporate strategy influences IHRM
- Explain the major IHRM functions: recruitment and selection, training and development, performance evaluation, compensation and benefits, and labor relations
- Discuss additional special concerns of managing expatriate employees



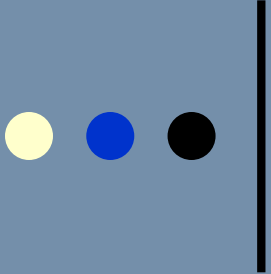
International Human Resource Management (IHRM)

- The management of human resources in global corporations
- The management of expatriate employees
- The comparison of human resource management (HRM) practices in a variety of different countries



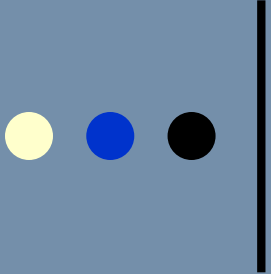
Approaches to Managing and Staffing Subsidiaries

- **Ethnocentric**
Home country approach
- **Polycentric**
Local approach
- **Regiocentric**
Regional approach
- **Geocentric/Global**
Global approach



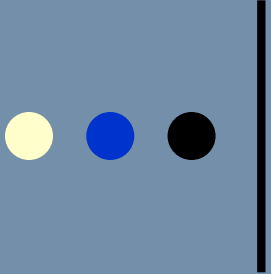
Choosing an Approach to IHRM

- **Corporate international strategy**
- **Political and legal concerns**
- **Level of development in foreign locations**
- **Technology and the nature of the product**
- **Organizational life cycle**
- **Age and history of the subsidiary**
- **Organizational and national cultural differences**



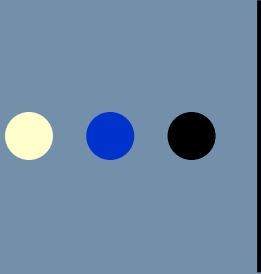
Recruitment and Selection

- **Processes through which an organization takes in new members**
- **Recruitment**
 - Attracting a pool of qualified applicants for the positions available**
- **Selection**
 - Choosing the candidate whose qualifications most closely match the job requirements**



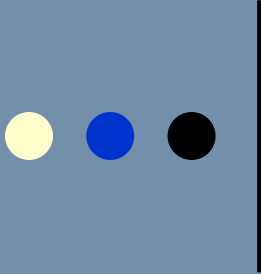
Classifying Employees

- **Parent Country National (PCN)**
- **Host Country National (HCN)**
- **Third Country National (TCN)**



The Influence of Managing and Staffing Approaches

- **Ethnocentric approach**
 - **PCN's usually staff important positions at headquarters and subsidiaries**
- **Polycentric approach**
 - **HCN's generally work in foreign subsidiaries**
 - **PCN's manage headquarters positions**



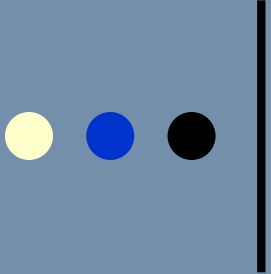
The Influence of Managing and Staffing Approaches

- **Regiocentric approach**

- PCN's and managers from the region—either HCN's or TCN's—staff regional headquarters positions
- HCN's primarily staff local subsidiaries

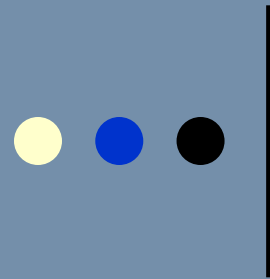
- **Geocentric approach**

- Chooses the most suitable person for a position



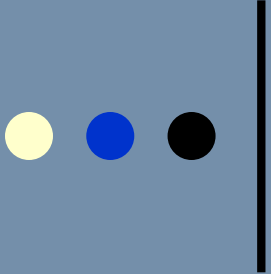
Selecting the Right Candidate

- **Need a balance between internal corporate consistency and sensitivity to local labor practices**
- **Consider cultural values**
- **Must comply with local labor laws**



Training and Development

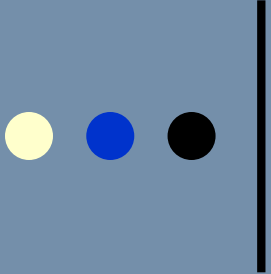
**Planned individual learning,
organization development, and
career development**



Delivery of Programs Worldwide

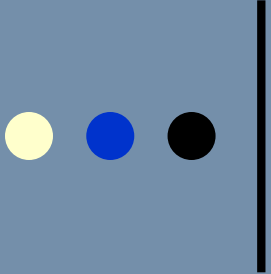
○ Centralized

- **Ethnocentric** – training originates at headquarters and corporate trainers travel to subsidiaries
- **Geocentric** - training develops through input from both headquarters and subsidiary staff and trainers could be from any location



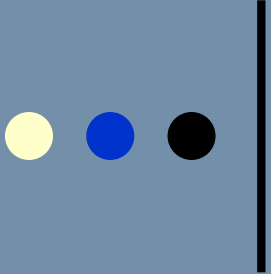
Delivery of Programs Worldwide

- **Decentralized**
 - **Training on a local or regional basis**
 - **Local people develop training materials and techniques for use in their own area**
- **Effective training considers cultural background of trainees**



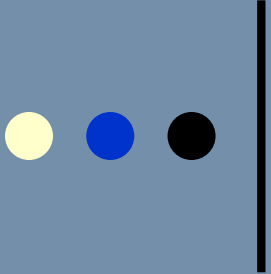
Developing Globally Minded Managers

- **Companies whose CEO's have international assignment experience are better performers**
- **Companies must identify managers with global potential and provide them various training and development opportunities**



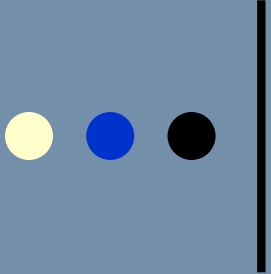
Performance Evaluation

- **Systematic appraisal of employees' performance within the organization**
- **Depends on overall HRM strategy**
- **Should consider cultural influences**



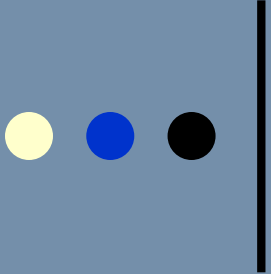
Compensation and Benefits

- **Develops and administers the salary system and other forms of remuneration**
- **Compensation and benefit levels reflect local labor market conditions**
- **Company usually develops policy to offer salaries and benefits representing a specific market level**
- **Culture influences value put on various compensation and benefit practices**



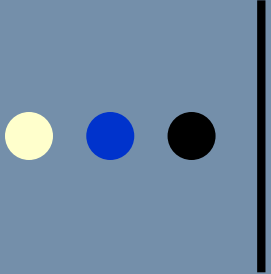
Labor Relations

- **Identifies and defines the roles of management and workers in the workplace**
- **In many countries, government regulated**
- **Unions organized at the local, company, regional (within country), or national level**
- **Number of workers within a country who are union members varies**



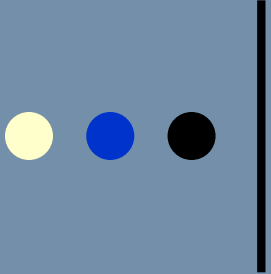
Managing Expatriates

- **Must deal with the complexities of employing and moving people outside of their home countries**
- **Cost a major factor**



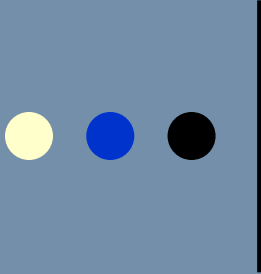
Expatriate Failure Rates

- **Number who do not remain abroad for the duration of their assignment**
- **Varies by country and gender**
- **Failure rate correlated with the rigor of selection and training procedures**



Expatriate Selection

- **Western European, Japanese multinationals emphasize technical competence and ability to acclimate**
- **North American corporations select mainly on technical competence**
- **Behaviors successful at home may not work abroad**
- **Previous experience abroad may or may not predict future success**



Cross-Cultural Training Methods

Cultural Briefings

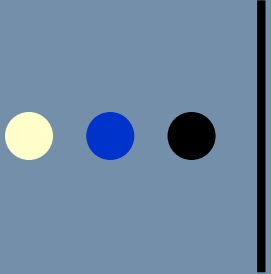
Explain the major aspects of the host country culture, including customs, traditions, every day behaviors.

Area Briefings

Explain the history, geography, economy, politics, and other general information about the host country and region.

Cases

Portray a real-life situation in business or personal life to illustrate some aspect of living or working in the host culture.



Cross-Cultural Training Methods

Role Playing

Allows the trainee to act out a situation that he or she might face in living or working in the host country.

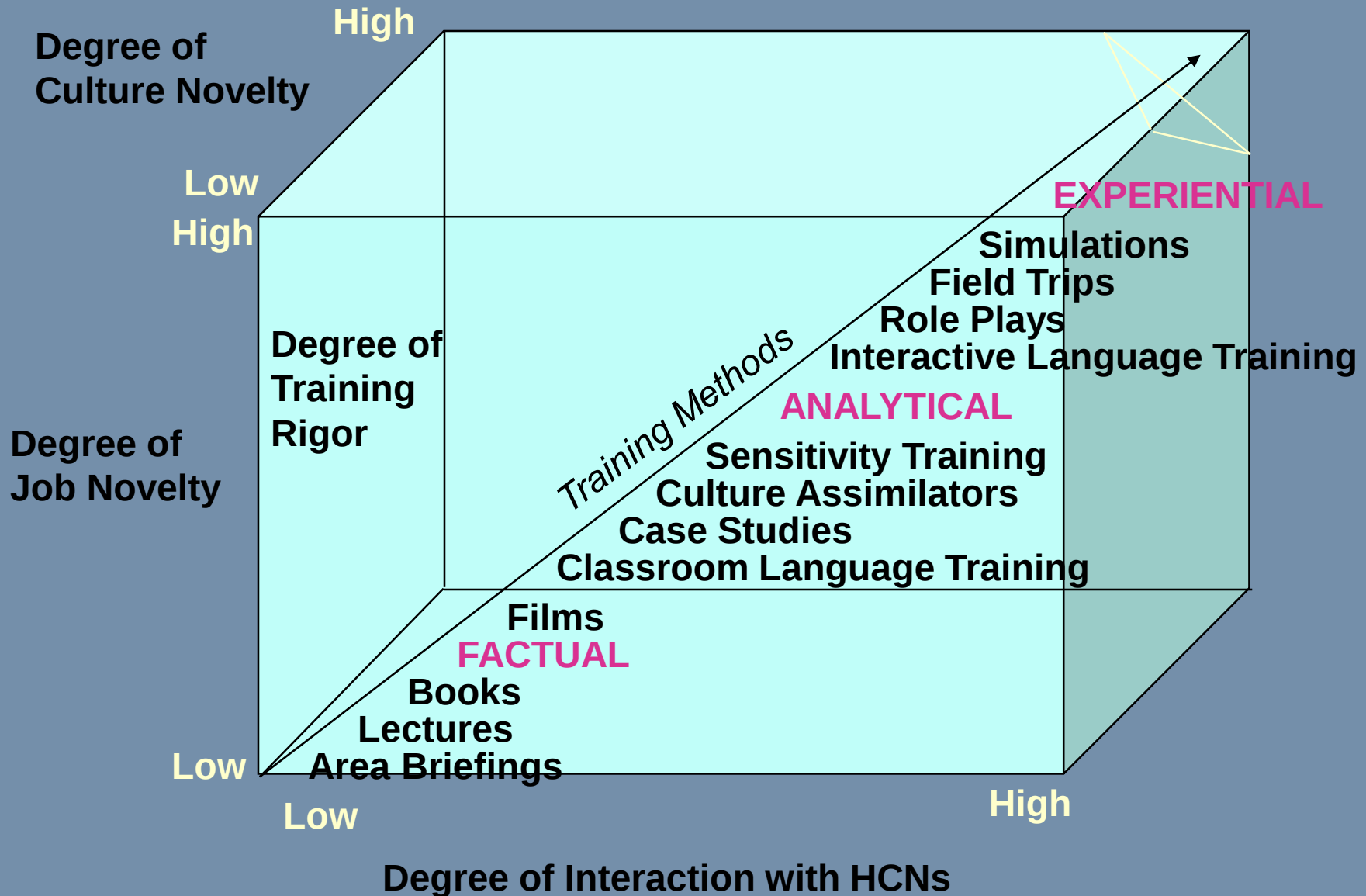
Culture Assimilator

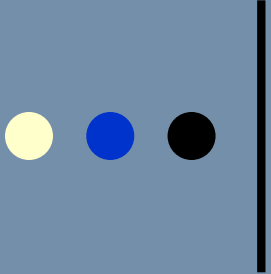
Provides a written set of situations that the trainee might encounter in living or working in the host country. Trainee selects one from a set of responses to the situation and is given feedback as to whether it is appropriate and why.

Field Experiences

Provide an opportunity for the trainee to go to the host country or another unfamiliar culture to experience living and working for a short time.

How Situational Factors Influence the Selection of a CCT Method



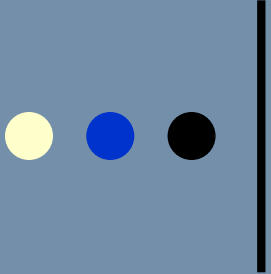


Cross-Cultural Adjustment

- **Expatriates must adjust to new work situation, interactions with locals, and new general environment**
- **Company can facilitate adjustment by providing training for expatriates and their families before and during the assignment**
- **Expatriates often experience cultural shock**

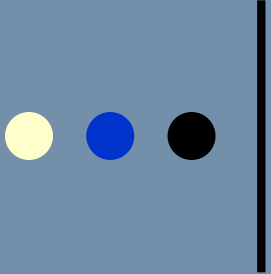
Culture Shock Cycle





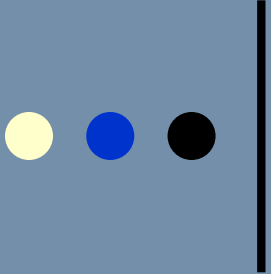
Expatriate Evaluation

- **Job abroad may include more than what it does at home**
- **Senior expat managers often evaluated on financial performance of subsidiary**



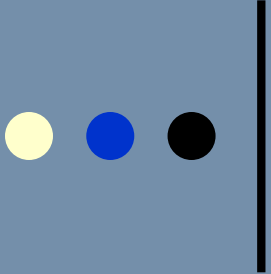
Expatriate Compensation

- Influenced by general corporate compensation policy
- Expats usually receive extra compensation and benefits
- Different packages offered in different locations



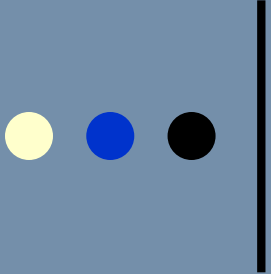
Typical Expatriate Benefits

- Overseas premium
- Housing allowance
- Cost of living allowance (COLA)
- Moving expenses
- Tuition for dependent education
- Home leave
- Tax reimbursement plans



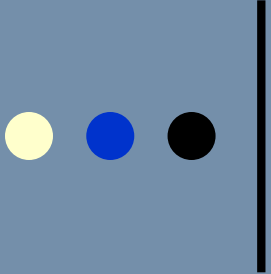
Expatriate Reentry

- Reverse culture shock common
- Many organizations fail to successfully manage expatriate reentry
- Individuals may pursue boundaryless career
- Organizations can help to ease reentry



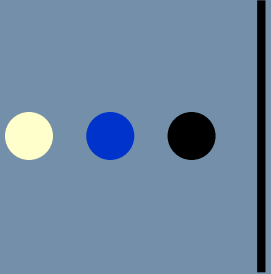
Changes in Global Mobility

- **New types of cross-border employee transfers becoming popular**
- **Most important objectives for cross-border transfers to transfer skills and knowledge and to develop and manage global competencies**



Convergence or Divergence?

- **Large corporations' preference for consistent worldwide systems**
- **Smaller companies' desire for more professional systems**
- **Need to follow local HRM laws**
- **Development of unique techniques and practices to suit local cultural and legal requirements**



Implications for Managers

- **Every international manager has responsibility for effectively managing human resources, therefore must understand IHRM functions**
- **Helpful to understand IHRM because of potential career impact**